

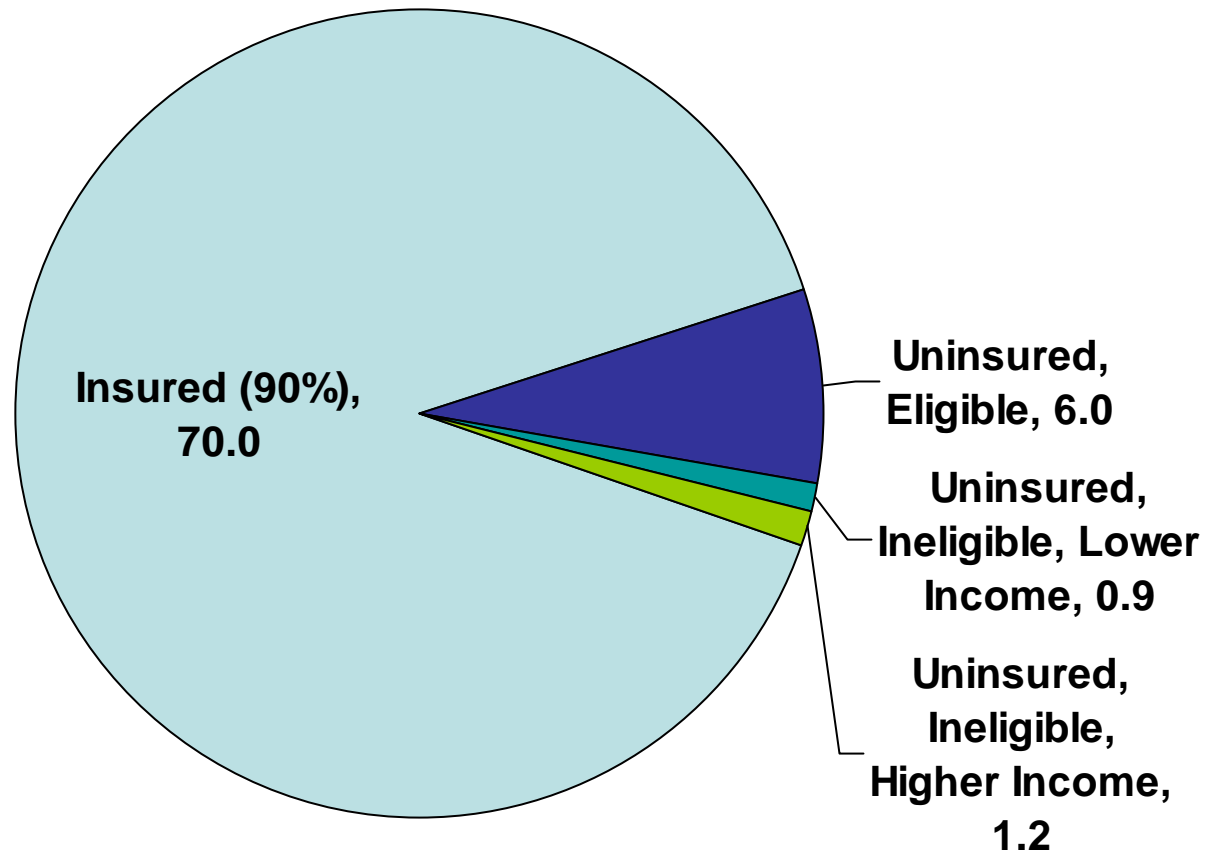
# Universal Health Insurance Coverage for Children: Social Insurance With A Twist

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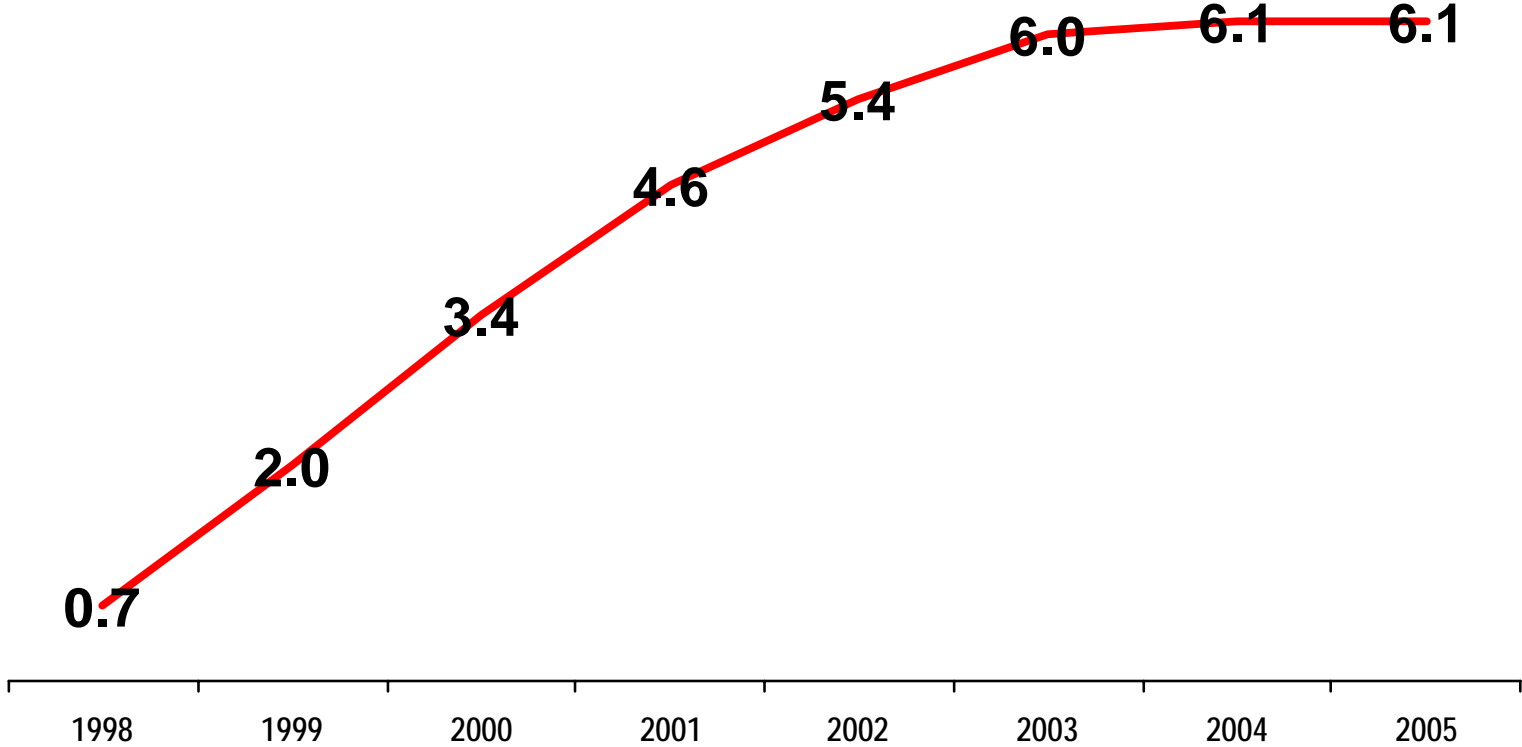


## Health Insurance Status of Children, 2004 (millions)



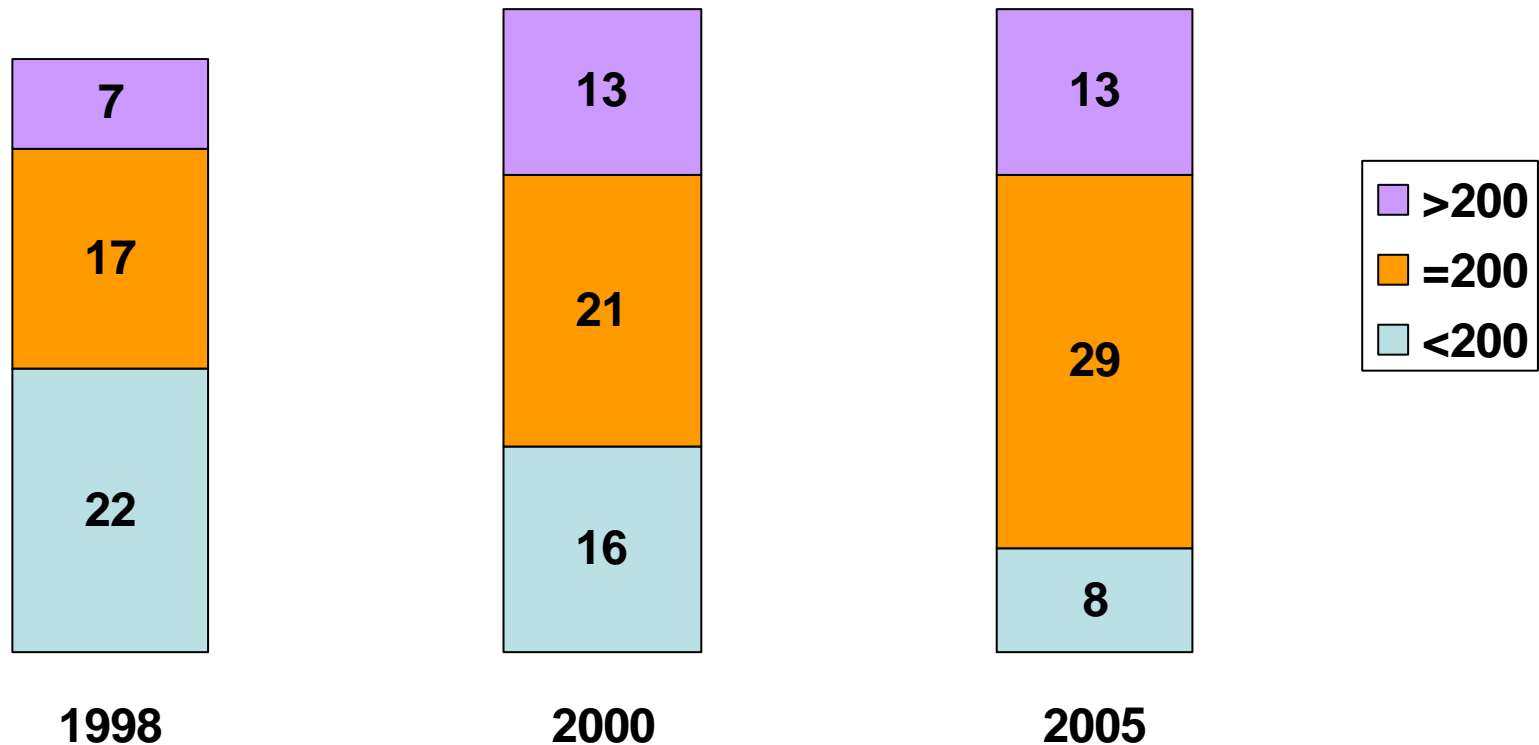
Source: Dubay, et al., Health Affairs (2007); Lower income is below 300% FPL; Higher income is at or above 300% FPL

# SCHIP Enrollment Fiscal Years 1998-2005 (in millions)



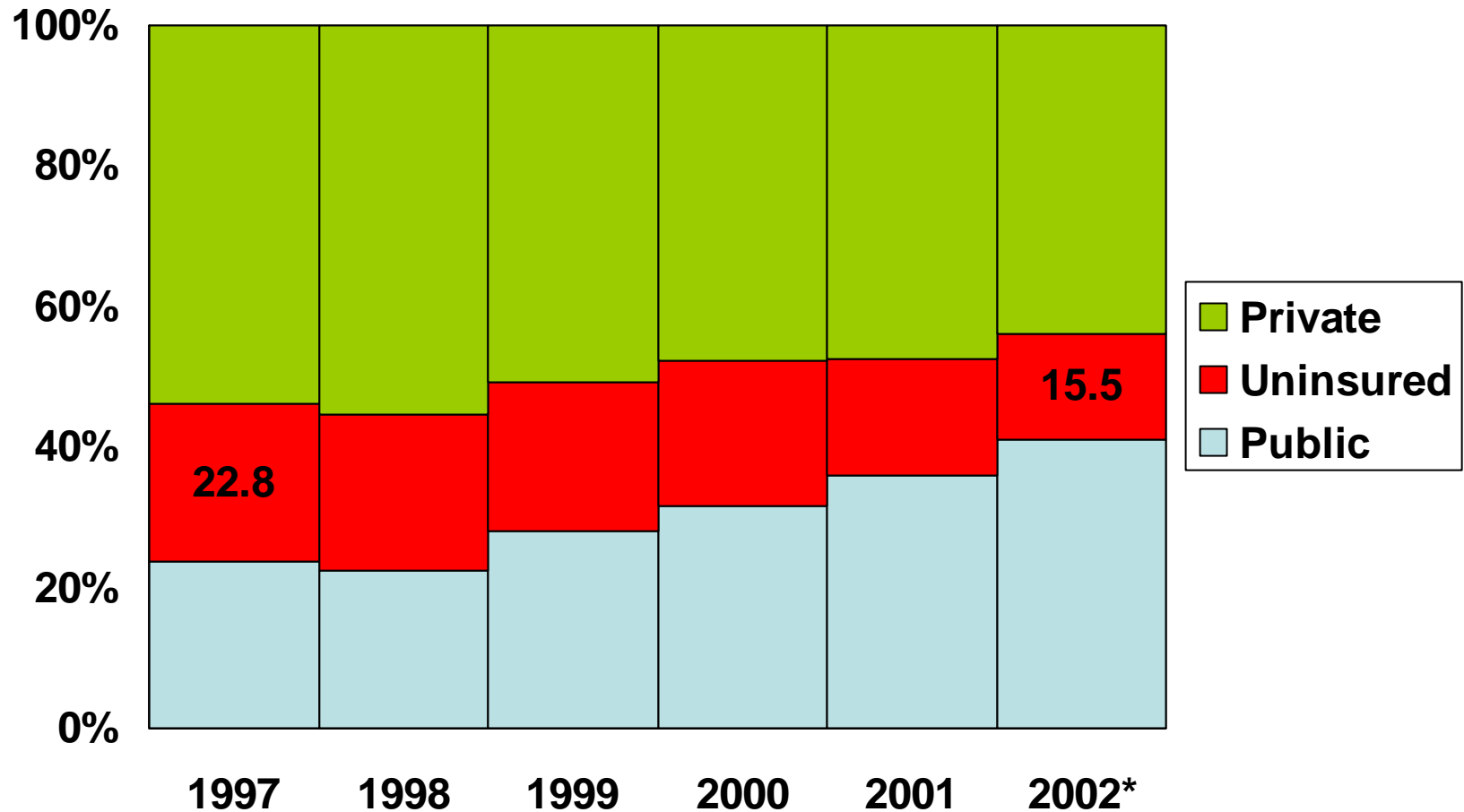
Source: CMS

# States Continue to Expand SCHIP Eligibility: Number of States with Eligibility Standard (as % FPL)



Source: NASHP SCHIP Surveys

## Insurance Coverage of Near-Poor (100-200% FPL) Children



Source: Cohen et al., NCHS; \*2002 are partial year data

# The Polarizing Divide in Health Policy Debates

## PRIVATE

- Meet individual needs
- Nimble
- Efficient
- Reward personal responsibility
- People are careful with their own money

## PUBLIC

- One size fits all
- Lumbering
- Expensive & unpredictable
- Encourage dependence
- Overly generous; can't say no to anyone

# The Polarizing Divide in Health Policy Debates

## PUBLIC

- Comprehensive benefits
- Choice of provider
- Consumer protection
- Protect the sick
- Accountable & (potentially) transparent

## PRIVATE

- Only what the insurers will give you
- Managed care
- Caveat emptor
- Gouge the sick
- Obscure & inaccessible

# Covered Benefits

## Before...

- Medicaid provides a very comprehensive benefit package
- Private plans are generally good, but subject to coverage and benefit limits

## After...

- States now have options to use commercial benefit design in Medicaid & SCHIP



# Covered Benefits

## Before...

- A single, defined set of benefits for almost all Medicaid eligibility categories
- Private coverage varies widely and each employer tinkers to achieve affordability

## After...

- States can define different benefit packages for different groups
- Florida goes further and provides defined cash benefit to enrollees and they purchase as much coverage as the benefit will pay for
- Purchasing pools seek to structure coverage options in private sector

# Cost Sharing

## Before...

- Medicaid prohibits premiums and tightly limits copayments
- A growing tool for cost savings in employer plans

## After...

- States permitted to charge premiums and impose higher copayments in Medicaid & SCHIP

# How Is Coverage Financed?

## Before...

- Medicaid is an open-ended entitlement
- Employers scale back to reflect cost pressure

## After...

- SCHIP financing is capped
- Periodic efforts to cap Medicaid financing as well

# Relationship Between Public & Private Coverage

## Before...

- Medicaid operates in its own world
- Concern when expanded to not “crowd out” private coverage
- Private coverage erodes anyway

## After...

- Medicaid and SCHIP programs operate “premium assistance” plans to support private coverage
- Employers enlisted in efforts to enroll children eligible for public coverage

# Movement Between Public and Private Coverage

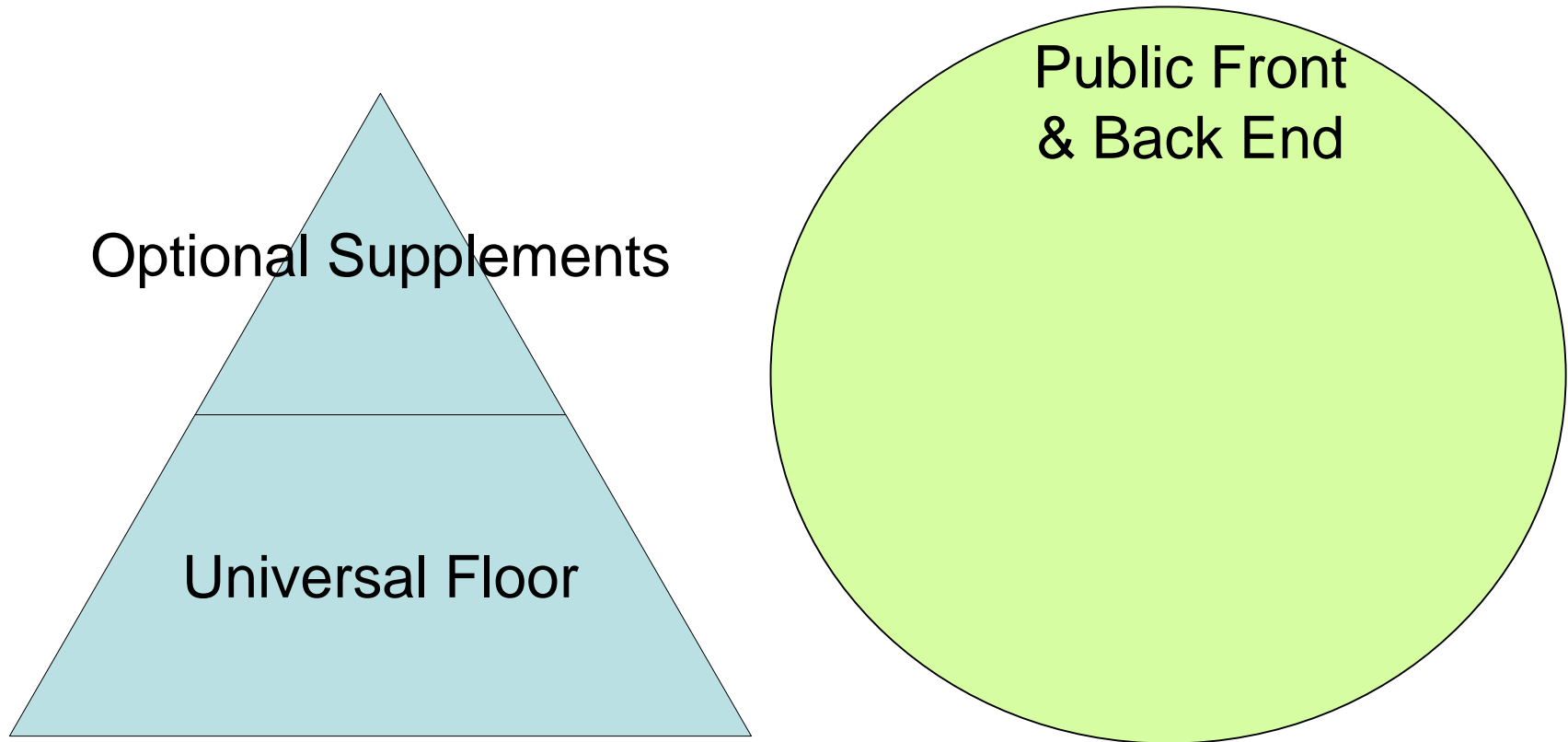
## Before...

- If you fail to apply for or renew public program eligibility you are invisible
- Employer enrollment is fairly automatic

## After...

- Active pursuit of eligible but not enrolled
- “Administrative renewal”

# A Universal Health Insurance for Children View of Social Insurance



# What Might A Universal Coverage Proposal for Children Look Like?

- Comprehensive benefits with non-insurance supplements for certain groups & services
- Limited cost sharing; limited premiums
- Employer coverage must meet new standards, but is supplemented with subsidies & wrap-around benefits
- Expansion and simplification of public programs
- Simple anti crowd-out provisions
- Publicly administered front end for universality